Only a few days ago a Peace Agreement was signed putting an end to thirty six years of civil war in Guatemala. The quest for a negotiated solution was also a long drawn out process. With the Esquipulas II Accord, in 1987, the Central American governments committed themselves to resolving the armed confrontations that each of them was facing with a political solution. But the negotiations with the National Guatemalan Revolutionary Unit (URNG) began in 1990 and for four years advanced no further than specifying the issues to be discussed. Two agendas were defined: one substantive, to deal with the social problems caused by the war; and another operative, to deal with the dismantling of the combat structures.

Changes in the army, following the failed coup attempt by then President of the Republic in 1993, and the external pressures, intensified following the Zapatista uprising in Chiapas, led to the first substantive agreement, on human rights, in March 1994. Months later agreements were made for the resettlement of the displaced population and to form a Truth Commission. The next year an agreement on indigenous rights was subscribed. Later, because of the general elections, the process stagnated.

The new government in 1996 took the peace negotiations as its main priority. Supported by the business community and presenting a project to modernise society, it was in a better condition to reach agreements on the two central issues of the agenda: the socio–economic and agrarian issues, the strengthening of civil society and the role of the army. The difficulty in both cases came in touching on economic and military interests which could spark off opposition from powerful groups. In December, constitutional and electoral reforms were agreed, and the operative agreements were signed, including an amnesty to legalise the impunity of both bands.

The Peace Accords as a whole constituted a renewed social contract for Guatemalan society. Renewed, because the guerrillas accept the legitimacy of the political system and have accepted integration into this; because important reforms to the 1984 Constitution are being considered, although many of its precepts will be maintained. Renewed, most significantly, because it starts by recognising the historical problems of this society and proposes commitments to deal with them.

These commitments form a point of departure not a completed specification, although they refer to changes which we should have started some time ago. The only thing the Accords resolved immediately was the war itself. The peace is a process of societal construction; which in this case could be the edification of a multicultural, inclusive, Guatemalan nation, with conditions ripe for development. The Accords only set political bases in relation to this effort.

Politics are of crucial importance. Reproducing authoritarianism and exclusion with new rules, putting over–ideologised perceptions in front of analysis of the situation and even affirming principles that can be shared, would lead, in the best of cases, to another episode of limited unilateral modernisation. This has been our history. On the other hand, the strengthening of justice and the development of democratic procedures to deal with the problems and social tensions, would lead to sustainable processes for lasting peace. This could be our future.

Without the drama of war, this society has a chance to find itself, to decipher its problems, value its wealth and identify options for solutions. The challenges are many: to make dialogue a daily issue, replacing confrontation as a primary resource; reweaving the damaged social fabric, to encourage worthy convergence instead of reciprocal restrictions; to overcome poverty, an unequivocal sign of a long era of exclusion.

A NATION OF INDIGENOUS POOR

The Guatemalan indigenous people, ancestral inhabitants of this land rich in natural resources and beauty, are tenacious survivors. Like the corn, which grows here in the most inhospitable corners, and from which, according to the sacred Maya scripts, they were made, they have resisted secular misfortune and cataclysmic tragedies. From the Spanish conquest, which was followed by colonial encomienda and repartimiento (forms of tied labour); the earthquakes which have ravaged this nation of adobe; the cruelties of the recently ended war, with the massacres which reached ethnociual extremes and, of course, the social ill endemic in these latitudes: poverty.

Victimisation, even if it is only in the documents, does not contribute to the future. But the socio–demographic statistics, sparse and none too exact, which disagree on how much of a ma-
majority is formed by the indigenous people, all refer to the precariousness in which they live. In 1989, out of every 10 indigenous people, barely one had an income high enough to meet their basic needs. The rest were living below the poverty line. An astonishing majority do not even earn the indispensable income needed to meet their nutritional needs, subsisting in extreme poverty, in indigence. Despite the fact that their hands forged the fortune made by the traditional agricultural exports (coffee, sugar, bananas) – the epicentre of the economy. Ghandi said for India, «The land offers enough to satisfy every man’s need, but not every man’s greed», a phrase perfectly applicable to the situation in Guatemala.

The youth and children are the future, but they are also human beings of the present, the dimension of time where the possibilities for the future are formed. Some 44% of the Guatemalan population is made up of children under 15 years old. Their right to live and to enjoy their childhood and adolescence is consecrated in the legislation. But, as happens in so many cases, what actually happens is far from what should happen. In 1989, nearly a million and a half of the four million children and adolescents had to make an income to contribute to the family budget or to make their own living. This same year, out of every 20 children, three were living in poverty, and, even worse, 14 in open indigence.

Three fifths of the population were living in similar conditions in 1989. 80% of all the inhabitants of the nation were poor. In Latin America, these levels of poverty are only surpassed by Bolivia, Honduras and Haiti.

The economic crisis of the past decade expanded poverty, which in 1980 affected 71% of the population. Although in reality the crisis only accelerated the pre-existing tendencies towards impoverishment. The prosperity of the sixties and seventies, when the economy grew at rates which have never been repeated (on average more than 5% per year) did not prevent poverty from increasing. At the beginning of the seventies, three out of every five people were poor.

The fact that poverty increases, despite production growing, and that it increases more rapidly in recessive periods is due to the patterns of wealth concentration. In Guatemala, the half of the population with the lowest incomes only took 20% of family income in 1980, and by 1989, their participation had fallen to 13%. In the same period, the richest fifth of the population increased its portion from 55% to 61%. At that time, this group already had income 30 times higher than that of the poorest fifth of the population.

How has poverty developed since 1989? In Guatemala there are no recent measurements. What we can do is consider other indicators related to the income of the population. Employment, measured by the amount of people paying social security contributions, increased by 8.5% between 1989 and 1995; this year there were 855,600 people working. The EAP increased by 21.6% in this time. The inability of the economy to absorb the new contingents of people entering the work market each year, implied the expansion of underemployment, which affects more than two thirds of the EAP.

The average nominal salaries of the social security contributors trebled during the period. In real terms, that is, according to their buying power, the average salaries only increased by 13%. This was enough to cover the cost of the BBF Basic Basket of Foodstuffs. In late 1995, for a family of five this basket cost US$ 151 and the average salary stood at US$ 155. This income was still not enough to cover the cost of the basic basket of goods and services (food, clothing, transport, housing, education, health) which is worth US$ 276. The pay of the underemployed are even below the minimum salary, which are inferior to the average of those who pay social security.

If we also consider the population’s survival strategies, especially emigration to North America (which generates income via family remittances), and the expansion of non-traditional export crops in rural areas; the conclusion is that poverty is growing more slowly than in the eighties.

There are now more poor people than when the armed conflict burst out. If the objective conditions continue like this, what peace could be long lasting?

**SOCIAL DEFICITS**

The measuring of poverty on the basis of the availability of income to cover the costs which imply satisfying the basic needs, is complemented with the analysis of the effective degree of satisfaction. Having resources does not automatically mean the satisfaction of needs, because there can be barriers in the access to...
basic services. The policies to confront poverty often concentrate on the provision of these services, more than on increasing the direct income of the population. But the lack of income marks limits for the efficiency of the social policies. Of course, the worst cases are where the lack of income and services come together.

**Housing and Related Services**

The housing problem is one of the worst areas. There is a need, but resources are scarce if not non-existent to make this a market demand. The offer is limited, and does not include long term loans accessible to the population, except for those with the highest incomes. The result is a cumulative problem, see the housing deficit in Table 1.

Recent estimates show that in the metropolitan area, which covers the capital and nearby cities, half the population is living in precarious housing, «palomares» (neighbourhood houses), or structurally inadequate buildings. In cities in the interior of the country the proportion of people in similar circumstances is even higher. In the rural areas, many houses are also inadequate or lack services. More than a million rural homes have no sanitary installations for the disposal of faeces, nearly 900,000 have no electricity and 800,000 have no drinking water supply. In the country as a whole, a third of the population has no drinking water supply and 40% lack sanitary installations.

**Education**

Education, on the other hand, could be exemplified as the provision of a basic service, but whose results are seen in the medium term, colliding with the limits imposed by survival, narrowed by an inappropriate offer: concentrated in urban areas, administered rigidly, and whose contents illustrate but do not function as solutions.

In 1995, half the population was still illiterate. The highest index being in rural areas and amongst women; according to the 1994 census, the highest rate (69%) corresponded to urban women. In recent years advances have been made in reducing illiteracy. If progress continues at the same rate, illiteracy should be reduced to a quarter of the population by 2020 (Table 1).

The deficit in primary education cover was 29% of children aged between seven and 12 years-old in 1995. The gender differences persist; 73 of every hundred boy children attended school, compared with only 66% of girls. The deficit is not due to a lack of infrastructure. The average number of pupils was below the class room capacity available. The acceptable pupil–teacher ratios were not exceeded either. The Education Ministry estimated that there was a surplus of teachers in the urban areas in 1996. And although these are being relocated in rural areas, another 5,500 need to be contracted to cover the rural deficit.

Basic secondary education is attended by only three of every ten youngsters. There is a slightly higher proportion of boys than girls, and a very pronounced difference between the rural and urban areas. In 1995, 89% of the students inscribed were from urban households. Unlike what happens with primary education, in secondary, the public sector does not offer most services. It only served a third of the students. Another fifth were attended to by co-operative institutes (very important in the interior of the country), and the rest went to private establishments. There was also an under use of the facilities available at this level. The amount of classroom space available could serve nearly twice as many students.

Over the next few years the important element will be to stimulate scholar demand, acting on the economic and social factors which lead to many children’s education consisting of only lessons in the rigorous school of life from a very early age. And this is related to the quality of education. This has improved in primary school, with reduced rates of repeated years and truancy. But here, as in the other levels, the curriculum content and educational programmes need to be adapted to the cultural characteristics and socio-economic conditions of each region.

**Health and nutrition**

The health services are a typical case of limited access because of concentration. In 1992 there were 8 doctors, 4 professional nurses and 8 nursing auxiliaries per 10,000 people. Accord-

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**TABLE 1.**

<table>
<thead>
<tr>
<th>Basic social needs</th>
<th>1990</th>
<th>1995</th>
<th>Targ. 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing and Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing deficit (thousands of units)</td>
<td>863.8</td>
<td>1127.7</td>
<td>82.3</td>
</tr>
<tr>
<td>Population with access to safe water</td>
<td>60.0%</td>
<td>64.0%</td>
<td>82.4%</td>
</tr>
<tr>
<td>Houses with sanitary installations</td>
<td>59.0%</td>
<td>82.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illiteracy</td>
<td>53.4%</td>
<td>49.0%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Primary Education (gross covering)</td>
<td>75.0%</td>
<td>84.0%</td>
<td>90.0%</td>
</tr>
<tr>
<td>Secondary Education (gross covering)</td>
<td>29.2%</td>
<td>32.0%</td>
<td></td>
</tr>
<tr>
<td>Primary repeats</td>
<td>17.6%</td>
<td>15.5%</td>
<td></td>
</tr>
<tr>
<td>Primary dropouts</td>
<td>8.4%</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population with access to services</td>
<td>54.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maternal mortality (x 10000)</td>
<td>24</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Child mortality (x 1000)</td>
<td>40</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Child immunization</td>
<td>70.0%</td>
<td>90.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Nutrition</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-weight births</td>
<td>14.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underweight children</td>
<td>33.6%</td>
<td>25.0%</td>
<td></td>
</tr>
</tbody>
</table>

1/ Requirements of new or improved houses, building or improvement goals with public funds during 1996–2000.
2/ Goal for population 15–19 years.

Source: INIAP elaboration on official data.
The problem was that 80% of the doctors, 56% of the nurses and 48% of the auxiliaries were concentrated in the metropolitan area. In this year, 9 out of every 20 people were not covered by either public health services (which included 27%), social security (which served 15%), nor private centres (which covered 13%). Between 1992 and 1996, according to official data, the health Posts increased by 10%, the type B Health Centres went up 15%, and the number of public hospitals nearly doubled. Efforts were made to broaden coverage. However, the socio-economic distribution of the most widespread ills in the population is still the same.

Maternal mortality is 20 per 1,000 live births. In Costa Rica it is 13 per 100,000. Here only half of all births are attended by trained health personnel, and two out of three pregnant or lactating women suffer from chronic malnutrition. The death rate for nursing babies runs at 48 per 1,000, while for the under-fives this is 70 per 1,000. The main causes of death are: diarhoea, serious respiratory infections, perinatal illness or malnutrition. Seven out of every 50 children are low birth weight babies, and 17 out of fifty are underweight by the age of five.

Life expectency is 68 years for women and 64 years for men, although many do not really live so much as fight for survival.

CONTRASTS

A study published in 1996, carried out by private research centres in several countries, placed Guatemala in 17th place out of 120 nations in terms of economic liberty. Coming in behind Costa Rica but ahead of the rest of Central America.

Within the 174 countries covered by the 1996 Human Development Report by the United Nations Development Programme (UNDP), Guatemala came in 85th according to per capita Gross Domestic Product (GDP). This indicator measures possible wellbeing on the basis of the economic activity of each nation. According to the Human Development Index, which measures achievements in human capacity in relation to a long and healthy life, access to knowledge and a decent standard of living, Guatemala is even further behind, in position 112.

The per capita GDP in Guatemala is a little better than that of Cuba, Paraguay or Jamaica. The human development is lower than these countries, and Peru, South Africa or Bolivia. What is happening here when with greater economic freedom there are less possibilities of well-being and worse living conditions than in other places?

Economic freedom is either a powerful motor to motivate development, or a digger to deepen the breach between those who have a lot and those who only have their own selves. And in Guatemala the latter has been the case. From 1970 to 1989, when State regulations on the economy were stronger, salaries diminished their participation in the aggregated value of the national economy, going from 26% to 24%; indirect taxes fell from 17% to 10%; and the business profits increased from 46% to 55%. Following the liberalisation of the exchange rate, in 1990, what was won by the exporters and those who had dollars cost the rest of the population at least their dinner, due to the price increases.

In the following years, the adjustment policies aimed to deepen the liberalisation of the economy and to reduce the fiscal deficit. The price regulations were abandoned; import tariffs were reduced as a commercial liberalisation measure; and the electrical energy production monopoly was brought to an end, authorising private co-generation. Modifications were made in the laws and administrative procedures, in an effort to increase taxes, which were the lowest in Latin America, but greater efforts were made to cut public spending.

Although participation in the social spending of the public budget was modestly increased (Table 2), discounting the price increases, in 1995 slightly less was spent than in 1990. Social spending fell slightly as a percentage of GDP, continuing at below the average level for the eighties (4.5%). The effect of this was a deterioration in the public services, because practically the same resources had to cover a larger population. This was most evident in the health sector. The lack of supplies caused several hospital crises. In addition, the spending dedicated to the productive sectors saw even more drastic cutbacks. As social compensation, and given the fact that public administration did not function, although in the seventies it had been amongst the most modern in Latin America, at the beginning of this decade several social funds were created. The most important, due to the amount of resources controled were the Solidarity for Community Development (FDSC), the National Fund for Peace (FONAPAZ) and the Social Investment Fund (FIS). Along with another five social funds, they invested the equivalent of 4.5% of the public spending in 1995. Their role in channelling resources to the poor population is recognised, but the lack of support for productive projects is criticised, along with their cumbersome procedures and centralised structure, which limit social participation.

The deterioration of all things public contrasted with the private progress in some areas. There was an increase in construction, especially in Guatemala City, where shopping centres, hotels and luxury housing boomed. As well as a formidable growth in the speculative economy, whose best expression was the volume of operations on the stock exchange, animated by the sale of public debt bonds. When the Constitution was reformed in 1994, the Central Bank was banned from funding the government, thus the internal debt with private lenders increased 100 times between 1991 and 1995. Interest rates increased markedly, having a restricting effect on economic growth, which slowed in 1996.

THE HARD TASK OF BUILDING THE FUTURE

The accumulation of capital can be intense to the extent of exclusion. Especially when the economic liberty is vigorous and other liberties are weak. The point is not to restrict this, but to provide opportunities for social interaction which are set in the direction of development. This consists of broadening social op-
Social participation is a key factor in this. All together they suppose an enormous effort by which it refers, and it contains the possibility of forging this. The task is to make the announced future bases. If each separate commitment appears short compared with the magnitude of the problems to realize the fundamental action necessary to transform the State–civil society relations. The fourth, programmes aimed towards resettling the people displaced by the conflict and the former fighters in suitable conditions. The direct measures against poverty are included in the other two.

The peace will not be produced with the mere signing of agreements; it will be produced with the strengthening of the social needs and empowering the capacity of the population. These have been worked against by factors ranging from violence to bureaucratic attitudes. As a result, the unrestricted respect for human rights and action against the discrimination which has affected the indigenous people for centuries are also fundamental. The latter is particularly important, for greater impoverishment is provoked when people are pressured into abandoning their cultural identity.

The backbone of social participation in the management of the State will be the Urban and Rural Development Councils. The re-establishment of these on a local level is crucial, but little will change without reforms in public administration and the articulation of social organisations which are dispersed and in many cases atomised. The quid of the issue is to make the macro reasoning of the State and the market compatible with the micro reasoning active in society.

On the macro scale, the Government estimates the fulfilment of the peace agreements will require US $2.3 billion. For this to be carried out, along with other government initiatives, there are four main axes of government policy: i) The strengthening and modernisation of the State, which will take around 24% of the estimated costs; ii) Integral human development, 54% of the costs; iii) Sustainable productive development, 13%; and iv) The demobilisation and social reintegration, 9%. The first of these covers fundamental action necessary to transform the State–civil society relations. The fourth, programmes aimed towards resettling the people displaced by the conflict and the former fighters in suitable conditions. The direct measures against poverty are included in the other two.

The policies against poverty will aim to broaden the coverage of basic social services and increase the productive capacity of the poor. This within the framework of a development policy, based on the social market economy, which includes the basic challenge of balancing increased economic efficiency with greater levels of social justice and equity.

**GREATER PRODUCTION**

In the economic area, the aim of the 1996–2000 Government Plan is to develop productive investment, through the establishment of general, positive, clear and stable rules, so that the income of the population will increase with the generation of adequately paid jobs.

In the Peace Accords the healthy desire was expressed that the economy would grow at a sustained 6% per year. And based on this, efforts would be made to keep the public finances balanced (which means increasing taxes), maintain prices stable, fix a realistic exchange rate to stimulate savings and investment. Apart from the confidence implicit in external co-operation for peace stimulating the economy, the growth must be fired by public investment in infrastructure, and the translation of private capital from speculative operations to real investments in areas pre-

**COMMITMENTS AND PLANS**

Participation is, precisely, a transversal element in the Substantive Accords. This is a leading factor in the war on poverty, which cannot be separated from the building of peace. It is a socio-political factor which has the potential to act as a trigger, because it contributes to the public strategies better meeting the social needs and empowering the capacity of the population. These have been worked against by factors ranging from violence to bureaucratic attitudes. As a result, the unrestricted respect for human rights and action against the discrimination which has affected the indigenous people for centuries are also fundamental. The latter is particularly important, for greater impoverishment is provoked when people are pressured into abandoning their cultural identity.

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The social policies will be aimed at promoting minimum conditions of human security (see aims in Table 1). Three general lines of action are foreseen: i) emergency, focusing on target groups and priority regions, operated by the social funds; ii) institutional reform, which will include administrative decentralisation, the strengthening of departmental and municipal governments, and better support services (controlling of funds, budgeting); and, iii) the reordering of sector policies and improved efficiency in social spending.

Education for work, democracy and peace, is the great challenge for the educational system. In order to tackle this, plans are in place to broaden cover equitably; especially in primary and preschool services, with the emphasis on rural areas and women; the aim is to guarantee access to the first three years of primary school to all children before the year 2000. But the main issue will be the reforming of the system, to make it more meaningful and of a better quality. The tasks planned include the rewriting of the curriculum and the educational guidelines, as they have to correspond to the new official status of the indigenous languages; also, the programmes need to be made suitable for the communities, intercultural educational systems have to be established and the teacher–training must be improved. The reform must include participation. In the Accords, a Peer Government–Indigenous people Commission was planned, along with another broader consultation committee. Decentralisation and participation form another line of the education policy. The plan is to strengthen the Education Ministry regional and departmental offices, giving parents, local organisations and authorities a more important role, while setting up Education Councils from the local to the national levels. In order to guarantee funds for education, the government is committed to bringing spending on this up to 2.1% of the GDP by the year 2000.

The reform of the National Health Service is another peace commitment. According to the Accords, a system co–ordinat-
ed by the Health Ministry should be imposed, with the participation of Social Security, private entities and the non government–organisations (NGOs). The government plans are aimed at administrative modernisation, the improvement of institutional capacity and efficiency, and promoting participation, a better spread of services and decentralisation. Plans are that services will be transferred to non–State entities, so that these can concentrate on preventative, primary health care and health education projects. The broadening of coverage will be achieved with community participation and the focusing of services according to the local risk factors. The resources available for health spending by the year 2000, must be increased to at least 1.4% of GDP.

Even though the Accords reiterate the constitutional norm of the universality, unity and obligatory nature of health coverage as the founding principles of the Social Security Institute, government plans aim to separate medical services from welfare, in order to open the latter up to individual capitalisation systems with private administration.

The aims of the housing policy are to increase the production of housing programmes by the beneficiaries, NGOs and private companies; attracting resources in order to offer loan options to the population; and improve the supply of basic services. In order to achieve these, the legal framework will be revised, with the restructuring of the relevant public entities, the running of pilot projects and investments of US$ 146 million in the period from 1996 to 2000. These resources will pay for the improvement or building of 82,000 homes.

**IS IT ONLY A PAPER PEACE?**

Rural people in Quetzaltenango, union members in Escuintla, housewives in Guatemala City, wherever you go and ask, are agreed: the agreements between the government and the guerrilla are only a paper peace. The population’s expectations are very low. The details of the Peace Accords are known by very few people, and the government plan by even fewer. The government plans in this nation have almost always been pure paper. They make a lot of noise about printing diagnostics accompanied with lists of desires and large–scale, disorganised proposals. This government has a consistent strategy and, although its achievements until now have been few, they do correspond to what was planned.

The peace and the battle against poverty are not only a government responsibility. The big definitions are already made. **Putting them into practice will take more dialogue and participation.** Within the government there is a lack of preparation for this, for the style of centralised non–participation is still the rule. Civil society will also have to prepare itself. There are moments of confusion now. All the peace commitments are important, but they do not all have the same importance. The lack of differentiation goes hand in hand with the lack of strategies. The only exception is the business sector. Their plans are clear, but they are ex-
clusively theirs. They sometimes coincide with the government plans, but they are not the same; they may converge, but they are alien to other social projects.

Potential openings for transformation do exist: the persistent work of communities on local projects, the support of the NGOs, the economic and social labour of the modernising business leaders. How far the advances go depends on how the macro and micro dynamics, on how the capacities of the institutions and the needs and social projects are linked; on how much space the expanding culture leaves after the yours and the mine, to allow us to work together for the ours.

- Instituto de Investigación y Autoformación Política.